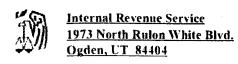
# EXHIBIT M



Date: February 25, 2005

THOMASITA TAYLOR
PHOENIX AZ 85007-4034

Department of the Treasury Taxpaver Identification Number:

Form: 1040

Tax Period Ended and Tax Deficiency:

December 31, 2002 \$ 9,704.00

Person to Contact: Tax Technician

Employee Identification Number: 29-61699

Contact Telephone Number: 1-866-899-9083 (Toll Frree)

**Contact Hours:** 

7 A.M to 7P.M MST Monday-Friday Last Date to Respond to this letter: March 27, 2005

# We have not Received Your Federal Income Tax Return and We Need You to File Your Return

# Why We're Sending You This Letter

We are sending you this letter because we previously asked you to send us your federal income tax return (Form 1040, 1040A, or 1040EZ) for the tax period(s) shown above, but a response has not been received. Since we don't have a record of receiving a response from you, we have figured your tax and proposed penalties based on the information your employers, banks, and other payers reported on Forms W-2. W-2P, 1099, etc. We explain the tax and penalties in the enclosed report.

# We Need the Following Information from You

You have three options available to you:

- 1. If you agree with the tax and penalties shown in the report, please sign, date and return one copy of the report along with payment for the entire balance due. Interest will continue to be charged until the balance is paid in full. If you can't pay the full amount at this time, please call us to discuss how you can pay what you owe.
- 2. If you don't agree with the tax and penalties and want us to reconsider this matter, please provide a written statement within 30 days from the date of this letter, explaining the reason why you didn't file a return and other related information.
- 3. If you decide to file a return at this time, please send it to the above address. To help us identify your case, please include this letter with your return. Be sure to include all supporting schedules. We have enclosed a copy of this letter for your records and an envelope for your convenience.

# Why This Information is Needed

Under the Privacy Act of 1974, we must inform you that our legal right to ask for this information is listed under Internal Revenue Code sections 6001, 6011, 6012(a) and their regulations. It states you must furnish us with records of statements for any tax year that you are liable for, including the taxes your employer withheld.

We ask for this information, which you are required to provide to us, to carry out the Internal Revenue Tax laws of the United States. We may provide the information to the Department of Justice for civil and criminal litigation, and other federal agencies, states, cities and the District of Columbia for use in administering their tax laws.

If you do not provide the information requested, or provide fraudulent information, you may be charged penalties and in certain cases, you may be subject to criminal prosecution. Your exemptions, exclusions, credits, deductions or adjustments shown on the tax return will be disallowed also. This could make the tax higher or delay any refund. Interest may also be charged. We have enclosed Publication 3498, *The Examination Process*, for your information.

#### **How to Contact Us**

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,

Dennis L Parizek

Operations Manager, Examination

**Enclosures:** 

Copy of this letter Envelope Examination Report (2) Publication 3498

Form 13496 (11-2003) Catalog No. 37538J publish.ne	o.irs.gov Department of the Treasur	y – Internal Revenue Service
Cat. No. 61258E Department of the Treasu	ry -Internal Revenue Service	
MAEForm 4549 Income Tax Exam	mination Changes	Page 1 of 2
Name and Address of Taxpayer THOMASITA TAYLOR	SS or El Number:	Return Form No: 1040
PHOENIX AZ 85007-4034 360	Person with whom examination changes were discussed.	Name and Title:
1. Adjustments to Income	Period End 12/31/2002	Period End
a. Standard Deduction b. Exemptions c. Wages d. Interest e. f. g. h. i. j. k. t. m. n. o.	(4.700.00) (3.000.00) 57.138.00 18.00	
Total Adjustments     Taxable Income Per Return or as Previously Adjusted	49,456.00 0.00	
4. Corrected Taxable Income  Tax Method Filing Status  5. Tax  6. Additional Taxes / Alternative Minimum Tax	49,456.00 Tax Tables Single 9,704.00	
7. Corrected Tax Liability	9,704.00	
8. Less Credits a. b c.		
9. Balance (Line 7 less total of lines 8a through 8d)  10. Plus a. Other b. Taxes c.	9,704.00	
11. Total Corrected Tax Liability (line 9 plus line 10a - 10d 12. 12. Total Tax Shown on Return or as Previously Adjusted 13. Adjustments to: a. Special Fuels Credit b. c.	9.704.00 0.00	
14. <b>Deficiency-Increase in Tax</b> or (Overassessment Decrease in Tax) (Line 11 less 12 adjusted by 13) 15. Adjustments to Prepayment Credits	9,704.00 335.00	
16. <b>Balance Due or (Overpayment</b> ) (Line 14 adjusted by Line 15) (Excluding interest and penalties)	9,369.00	

The Internal Revenue Service has agreements with State tax agencies under which information about Federal tax, including increases or decreases, is exchanged with the States. If this change affects the amount of your State income tax, you should file the State form.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income and do not pay the required tax. The IRS may order backup withholding at 31 percent after four notices have been issued to you over a 120-day period and the tax has been assessed and remains unpaid.

Form 4549 Department of the Treasury - Internal Revenue Service Income Tax Examination Changes  Page 2 of 2			Page 2 of 2
Name and Address of THOMASITA TAYLOR	Taxpayer	SS or El Number:	Return Form No: 1040
17. Penalties		Period End 12/31/2002	Period End
a. Delq-IRC 6651(a) (2b. Delq-IRC 6651(a) (5c. Estimated Tax – IRC d. e. f. g. h. i. j. k.	1)	1,030.59 2,108.03 324.28	
18. Total Penalties		3,462.89	
	able to negligence: (1981-1987) A tax of the interest due on underpayment assessed.		
A tax addition of 50 per	able to fraud: (1981-1987) cent of the interest due on rue until paid or assessed.		
interest will accrue and	ble Tax Motivated Transactions TMT be assessed at 120% of ccordance with IRC 6621(c).		
19. Summary of Taxes, Penalties and Interest: a. Balance due or Overpayment Taxes – Line 16, Page 1 b. Penalties (Line 18, Page 2)-computed to 2/25/05 c. Interest (IRC§ 6601)-computed to March 27, 2005 d. TMT Interest – computed 2/25/05 on TMT underpayment e. Amount due or refund (sum of lines a, b, c and d)		9.369 00 3,462.89 1,086.42 13,918.31	
Other Information:			

Examiner's Signature:	Employee ID:		Office:	Date:
Mr. Parizek	29-61699		Ogden. UT	February 25, 2005
to contest in the Unite assessment and collect above, plus additional Director, Area Manage	ed States Tax Court the tion of any increase in ta	findings in ax and per w. It is ur	exercise my appeal rights with the this report. Therefore, I give malties, and accept any decrease derstood that this report is subje	y consent to the immediate in tax and penalties shown
PLEASE NOTE: If a joint return was filed, BOTH taxpayers must sign	Signature of Taxpayer	Date	Signature of Taxpayer	Date
Ву:	`	Title		Date
				Form CG454

Identification Number:

#### **HOW TO PAY YOUR TAXES**

If you agree with our examination, pay now by sending a check or money order and your signed agreement. The enclosed report does not reflect any balance currently due on your account.

Why it is to your advantage to pay now:

- Decreases future interest charges
- Prevents further assessment of failure to pay penalty
- Reduces payment of nondeductible interest
- Eliminates further contact with us

If you agree with our examination and cannot pay now:

- 1) Can you pay the full amount within 120 days? [ ] Yes [ ] No
  - If yes, send in the signed agreement now and submit the balance due when you receive a bill.
  - If no, you may be eligible for a payment plan.
- If you would like us to consider an installment agreement, submit your written request or check the box below and return this flyer with your signed agreement.

[	] I would like	to pay \$		per month.
		rage you to make your payn d interest charges.)	nents as large	as possible to limit
	l would like	my payment to be due on t	he	of the month.
	(Please ind	icate a date between the 1	st and 28 th o	f the month.)
		charged a \$43 fee if your ro n this flyer. We will send you st.		
	Please pro your reque	vide a telephone number wl st.	here we can c	ontact you regarding
	Home: (	)		
	Work: (	)		

ALSO, if you agree with our examination, PLEASE SIGN PAGE 2 OF THE REPORT (Form 4549) and return pages 1 and 2 to us.

<sup>\*</sup>Interest and applicable penalties will continue to accrue until your balance is paid in full.

Identification Number:

2002	TAX YEAR INTEREST COMPUTATION	
Interest computed to		March 27, 2005
Total Tax Deficiency		9,369.00
Plus Penalties*		
-Overvaluation -Substantial Understatement -Failure to File -Negligence -Civil Fraud -Accuracy Penalties Total Penalties Tax Deficiency and Penalties Subje	\$.00 \$.00 2,108.03 \$.00 \$.00 <u>\$.00</u>	<u>3,462.89</u> \$ 11,477.03

Туре	Effective Dates	Day	/S	Rate	Interest	
COMPOUN COMPOUN COMPOUN	D 04/01/200309/30/2003 D 10/01/200303/31/2004 D 04/01/200406/30/2004 D 07/01/200409/30/2004 D 10/01/200403/27/2005	183 183 91 92 178	5% 4% 5% 4% 5%		291.33 232.48 146.87 120.14 295.60	
		Total Pe	terest nderpaymen enalties mount Due	ıt	1,086.42 9,369.00 3,462.89 ————————————————————————————————————	

Additional interest will be charged at the current rate compounded daily. Interest is charged from the original due date of the return to a date 30 days after an agreement to the additional tax is signed, or to the date of payment, if earlier. Negligence and fraud penalties, if applicable, will also continue to be charged. Generally, if notice and demand is made for payment of any amount, and that amount is paid within 21 days after the date of the notice and demand, interest on the amount paid will not be charged after the date of the notice and demand. Since additional tax is due, you may want to pay it now and limit the interest and penalty charges.

<sup>\*</sup> Interest on penalties became effective 7/19/1984 (1/1/1989 for negligence and fraud) and is computed from the due date of the return unless a valid extension was filed.

Identification Number:

February 25, 2005

#### 2002

#### SCHEDULE SE - COMPUTATION OF SELF-EMPLOYMENT TAX

Primary	
<b>THOMASITA</b>	<b>TAYLOR</b>

	•
1. Self-employment income	0.00
2. Multiply line 1 by 92.35%	
3. Farm Optional Method Income	0.00
4. Non-Farm Optional Method Income	
5. Earnings subject to self-employment tax (sum of 2, 3, 4)	0.00
6. Maximum earnings subject to social security	
7. Social Security wages and tips from W-2	84,900.00
8. Unreported tips from Form 4137	58,317.00
·	
9. Sum of lines 7 and 8	58,317.00
10. Line 6 less line 9	26,583.00
11. Multiply the smaller of line 5 or 10 by 12.40%	· ·
12. Multiply line 5 by 2.90%	0.00
12. Number in the 3 by 2.50%	0.00
13. Self-Employment Tax (sum of lines 11 and 12)	0.00

# Secondary

- 1. Self-employment income
- 2. Multiply line 1 by
- 3. Farm Optional Method Income
- 4. Non-Farm Optional Method Income
- 5. Earnings subject to self-employment tax (sum of 2, 3, 4)
- 6. Maximum earnings subject to social security
- 7. Social Security wages and tips from W-2
- 8. Unreported tips from Form 4137
- 9. Sum of lines 7 and 8
- 10. Line 6 less line 9
- 11. Multiply the smaller of line 5 or 10 by
- 12. Multiply line 5 by
- 13. Self-Employment Tax (sum of lines 11 and 12)

Ferm <b>886-A</b> ( <b>Rev.</b> January <b>1994</b> ) 886-A	EXPLANATION OF ITEMS	
Name of Taxpayer	Taxpayer Identification Number	Year/Period Ended
THOMASITA TAYLOR		2002

We have prepared this report because we have no record of receiving your Form 1040, U.S. Individual Income Tax Return, for the tax year shown. We have computed your tax, penalties, and interest based on information available to us. This computation may not give you full credit for exemptions, deductions, or credits. Your best course of action is to file your own tax return now to claim your credits and deductions as allowed by law.

If you need a list of the payers and amounts of the income reported to the Internal Revenue, you may request this information in writing.

## **SE AGI Adjustment**

Tax PeriodPer ReturnPer ExamAdjustment2002\$0.000.00

Your self-employment tax has changed as a result of adjustments made to your net income from self-employment as shown in this report. The self-employment tax deduction has been adjusted to one-half of the recomputed amount.

In order to expedite the processing of the tax return for this year, please use the enclosed return envelope.

5. Divide line 4 by \$2,500

7. Multiply line 1 by line 6

(\$1,250 if married filing separate)

6. Multiply line 5 by 2% and enter the result as a decimal

8. Deduction for exemptions (Subtract line 7 from line 1)

Identification Number: 125, 2005

# 2002 EXPLANATION OF THE ESTIMATED TAX PENALTY

Since you did not pay sufficient estimated tax, addition to the tax is charged as shown below, in accordance with Section 6654(a) of the Internal Revenue Code.

Total corrected tax liability, Form 4549, line 11     (Tax Per Return, if a return was filed)	9,704.00
2. Withholding taxes + payments made on or before 4/15/19	999 335.00
3. Line 1 less line 2 (if less than \$500, estimated penalty does not apply)	9,369.00
4. 90% of line 1	8,733.60
5. Prior year tax liability (110% of tax if AGI was more than \$150,000. or if MFS more than \$75,000.)	
6. The smaller of line 4 or 5 (as adjusted)	8,733.60
7. Total underpayment for year	8,733.60
8. Overpayment	
9. Multiply line 7 by 0.03713	324.28
11. Previously Assessed Penalty	
12. Estimated Tax Penalty	324.28
2002 PERSONAL EXEMPTI	ON WORKSHEET
1. Multiply \$ 3,000.00 by the total number of exemptions claimed on Form 1040, line 6e	3,000.00
2. Adjusted Gross Income	57,156.00
3. Limitation based on Filing Status	137,300.00
4. Subtract line 3 from line 2	0.00

Note: If Line 4 is more than \$122,500, or (\$61,250, if married filling separately), a deduction for exemptions cannot be taken.

0

0.0

0.00

3,000.00

Identification Number: February 25, 2005

## 2002 EXPLANATION OF THE DELINQUENCY PENALTY

Since your income tax return was not filed within the time limit prescribed by law and/or the tax was not paid, and you have not shown that such failure was due to reasonable cause, an addition to the tax is charged as shown below, in accordance with Section 6651(a)(1) and/or Section 6651(a)(2) of the Internal Revenue Code.

#### **DELINQUENCY PENALTY**

1. Delinquency penalty abated		0.00
2. Date return due	April 15, 2003	
3. Date return filed	1/25/2005	
4. Failure to File penalty rate	0.225%	
5. Failure to Pay penalty rate	0.110%	
6. Total corrected tax, Form 4549, line 11		9,704.00
7. Payments on or prior to due date of return		335.00
8. Line 6 less line 7		9,369.00
9. Failure to File Penalty - line 8 multiplied by line 4		2,108.03
10. Minimum penalty if over 60 days delinquent		100.00
11. Failure to File Penalty - Greater of line 9 or line 10		2,108.03
12. Previously assessed Failure to File Penalty		0.00
13. Net Failure to File Penalty - line 11 less line 12		2,108.03
14. Failure to Pay Penalty - line 8 multiplied by line 5		1,030.59
15. Previously assessed Failure to Pay Penalty		0.00
16. Net Failure to Pay Penalty - line 14 less line 15 *		1,030.59
17. Total Delinquency Penalty - Sum of line 13 and 16		3,138.62

<sup>\*</sup> If an amount appears as the Failure to Pay Penalty, the amount only reflects the addition to tax under Internal Revenue Code section 6651(a)(2) through the date of this notice. The addition to tax will continue to accrue from the due date of the return at a rate of 0.5 percent each month, or fraction thereof, of nonpayment, not exceeding 25 percent.

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	Y2002) IRMF ON LINE TRANSCRIPT SYSTEM *
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TIN TYPE AND VALIDITY DOCUMENT TYPE: W - 2 ON FILE DATE	: 05 -24-2003 ORIGINAL SUBMISSION
	- VALID SSN
THOMASITA E TAYLOR	PYR'S SUBMISSION DLN: 86537133000413
THOMASTIA E TATBOR	SSA MICROFILM NUMBER: 20838971655
PHOENIX	SUBMITTED TO: SSA ON: TAPE
STATE: AZ ZIP: 85007 -0000	PAYROLL REPORTING UNIT: N/A
SIRIB. AZ ZIE. USUU, UUU	FOREIGN PYR IND: ASSUMED NOT FOREIGN
ACCOUNT NUMBER: N/A	3RD PARTY SICK PAY IND: UNANSWERED
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3348 W MCDOWELL RD	\$ CHNG: NOT SET
PHOENIX AZ 85009	CREDIBILITY: NOT SET
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	- VALID SSN
THOMASITA E TAYLOR	PYR'S SUBMISSION DLN: 17569528170193
THOMASTIA E TATLOR	TRN CNTL CD: 17072 PYR OFC CD: N/A
DUCENTY	SUBMITTED TO: IRS ELECTRONICALLY
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ACCOUNT NUMBER:	
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HOME MORTGAGE	
4801 FREDERICA STREET OWENSBORO KY 42301	
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	VALID SSN PYR'S SUBMISSION DLN: 09569527150003
TAYLOR THOMASITA E	
PHOENIX	SUBMITTED TO: IRS ON: TAPE
STATE: AZ ZIP: 85007 -4034	
ACCOUNT NUMBER: 03	
PAYER ENTITY DATA: EIN	
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THOMASITA TAYLOR	PYR'S SUBMISSION DLN: 09569459550003
THOMASITA TAYLOR	TRN CNTL CD: 52175 PYR OFC CD: N/A
PHOENIX	SUB MITTED TO: IRS ELECTRONICALLY
STATE: AZ ZIP: 85007 -0000	LESS THAN HALF TIME STUDENT
	NOT A GRADUATE STUDENT
ACCOUNT NUMBER: N/A	
PAYER ENTITY DATA: EIN	
MARICOPA COUNTY COMMUNITY COLLEGES	_
DISTRICT 230	
TEMPE AZ 85281	
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PAYEE ENTITY DATA: SSN 5	3 VALID SSN
THOMASITA TAYLOR	PYR'S SUBMISSION DLN: 29569625670003
HESTER M TAYLOR	TRN CNTL CD: 29483 PYR OFC CD: 1
1026-19-100	SUBMITTED TO: IRS ON: TAPE
PHOENIX	NO SECOND NOTICE
STATE: AZ ZIP: 85007 -4034	
ACCOUNT NUMBER:	
PAYER ENTITY DATA: EIN	
DESERT SCHOOLS FEDERAL C U	
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PHOENIX AZ 8506 2	
INTEREST\$18+	
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INTEREST\$18+	
TX WITHELD\$335+	·
FICA TX\$3,615+	
MEDCARE WH\$845+	
MEDCARE WG\$58,317+	
MTG INT PD\$6,258+	
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	DATE: 05 -24-2003 ORIGINAL SUBMISSION
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THOMASITA E TAYLOR	PYR'S SUBMISSION DLN: 86537133000413
	SSA MICROFILM NUMBER: 20838971655
PHOENIX	SUBMITTED TO: SSA ON: TAPE
STATE: AZ ZIP: 85007 -0000	PAYROLL REPORTING UNIT: N/A
1 *	FOREIGN PYR IND: ASSUMED NOT FOREIGN
ACCOUNT NUMBER: N/A	3RD PARTY SICK PAY IND: UNANSWERED
PAYER ENTITY DATA: TIN	RETIREMENT PLAN IND: YES
ISAAC SCHOOL DISTRICT NO. 5	A had do do de had had a said
TOTALO DOMOCII DIDINICI NO. J	

# Case 2:09-cv-00341-ROS Document 8-6 Filed 09/22/09 Page 14 of 14

3348 W MCDOWELL F	RD					\$ CHNG: NO	T SET				
PHOENIX		AZ 8	35009			CREDIBI	LITY: NOT	SET			
						STATUTORY	EMPLOYEE	IND:	NO		
TYPE.OF EMPLOYME	NT: ALL	OTHE	RS								
WAGES	.\$57,13	8+									
TX WITHELD	\$33!	5+			* 1						
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MEDCARE WH	\$845	5+									
MEDCARE WG	.\$58,317	7+					•				
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